

After Obamacare, what comes next?

A record cold winter puts global warming activists on hot seat.

The expansion of school choice is a major free-market victory.

QUARTERLY PERFORMANCE REPORT SECOND QUARTER, 2014

THE HEARTLAND INSTITUTE 

QPR



What 97 Percent of Climate Scientists Do



By Joseph L. Bast
President

President Obama recently tweeted, “Ninety-seven percent of scientists agree: #climatechange is real, man-made and dangerous.” Environmental groups and their hallelujah choir in the mainstream media repeat the claim endlessly. Even NASA says on its Web site, somewhat more cautiously, “Ninety-seven percent of climate scientists agree that climate-warming trends over the past century are very likely due to human activities.”

So the debate is over, right? No, not hardly.

The fiction that most scientists believe climate

change is “man-made and dangerous” can be traced to a handful of surveys and abstract-counting exercises that have been repeatedly debunked and contradicted by more reliable research. Yet the myth lives on in the minds of liberal activists. So let’s settle this once and for all.

The United Nations Says So

The United Nations’ Intergovernmental Panel on Climate Change (IPCC) claims to speak on behalf of more than 2,500 scientists when it says man-made global warming is a serious problem. But few of those scientists wrote about or reviewed

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research having to do with the key question of attribution: How much of the temperature increase and other climate changes observed in the twentieth century was caused by man-made greenhouse gas emissions?

For the Fourth Assessment Report, only 62 researchers were responsible for reviewing the chapter that attributed climate change to man-made greenhouse gas emissions. Fifty-five of those had associations with environmental advocacy groups. Of the seven impartial reviewers, two disagreed with IPCC's conclusion. That leaves only five credible scientific reviewers who unequivocally endorsed IPCC's conclusion.

Five is a far cry from 2,500 and is not evidence of consensus.

Naomi Oreskes Says So

In 2004, *Science* magazine published an opinion essay by a little-known science historian named Naomi Oreskes. Oreskes claimed to have examined abstracts from 928 articles published in scientific journals from 1993 and 2003, abstracts she found by searching an online database. She concluded 75 percent of the abstracts either implicitly or explicitly supported the alarmist view while none directly dissented.

Problem number one: Oreskes lacked the scientific training to accurately categorize the abstracts she read, so scores of scientists quickly reported their own papers opposing the "consensus" were left out or misinterpreted. More than 1,300 such articles now appear in an online bibliography at populartechnology.net.

Problem number two: The abstracts of academic papers often contain claims that aren't substantiated in the papers. (This is according to research by Park *et al.* reported in the February 6, 2014 issue of *Nature*, the world's most prestigious science journal.) So Oreskes' methodology is flawed.

Problem number three: In 2008, medical researcher Klaus-Martin Schulte used the same database and search terms as Oreskes to examine papers published from 2004 to February 2007 and found fewer than half endorsed the "consensus" and only 7 percent did so explicitly. Schulte found 31 papers (6 percent of the

sample) that explicitly or implicitly rejected the "consensus." Schulte's findings were published in a peer-reviewed journal.

So no, Oreskes didn't find a "scientific consensus." Not even close.

Doran and Zimmerman Say It's So

In 2008, a University of Illinois college student, Maggie Kendall Zimmerman, conducted a two-question online survey for her master's degree thesis. A year later, in an article in *EOS* coauthored with her thesis advisor, Peter Doran, she claimed "97 percent of climate scientists agree" that global temperatures have risen since before the 1800s and that humans are a significant contributing factor.

This study, too, has been debunked. First, the survey asked the wrong questions. Most scientists who are skeptical of catastrophic global warming would answer "yes" to both questions. The survey was silent on whether the human impact is large enough to constitute a problem.

Second, the college student did not survey solar scientists, space scientists, cosmologists, physicists, meteorologists, and astronomers, all scientists most likely to be aware of natural causes of climate change.

Third, the "97 percent" figure represents the views of only 79 of the 3,146 respondents who listed climate science as an area of expertise and said they published more than 50 percent of their recent peer-reviewed papers on climate change. Seventy-nine scientists do not constitute a consensus.

William Love Anderegg Says It's So

In 2010, another college student, William R. Love Anderegg, claimed to find "97–98 percent of climate researchers most actively publishing in the field support the tenets of ACC [anthropogenic climate change] outlined by the Intergovernmental Panel on Climate Change." His findings were published in *Proceedings of the National Academies of Sciences*.

What Love Anderegg actually found was 97 to 98 percent of the 200 most prolific writers on climate change believe "anthropogenic greenhouse gases have been responsible for 'most' of the 'unequivocal' warming of the Earth's average global temperature over the second half of

the 20th century.” The views of 200 researchers out of the hundreds of thousands of earth scientists who have contributed to the climate science debate is not evidence of consensus. More likely, it is evidence of editorial bias, documented by Park *et al.* in the *Nature* article cited earlier.

Once again, the author did not ask if the writers believe global warming is a serious problem or if science is sufficiently established to be the basis for public policy.

John Cook Says It's So

In 2013, a strident global warming alarmist and blogger named John Cook claimed a review he performed, with help from some of his friends, of the abstracts of peer-reviewed papers published from 1991 to 2011 revealed 97 percent of those that stated a position on man-made global warming supported his own alarmist view. His findings were published in *Environmental Research Letters*.

Do I need to point out again that counting abstracts is not a valid methodology? Or report again that many of the scientists whose work questions the consensus have protested that Cook *et al.* ignored or misrepresented their work?

No surprise, this study was quickly debunked by a paper by Legates *et al.* published in *Science & Education*. Legates *et al.* reviewed the same papers and found “only 41 papers – 0.3 percent of all 11,944 abstracts or 1.0 percent of the 4,014 expressing an opinion, and not 97.1 percent – had been found to endorse the standard or quantitative hypothesis.”

The Counter-Evidence

Rigorous international surveys of climate scientists conducted by German scientists Dennis Bray and Hans von Storch have found most

scientists disagree with the consensus on key issues such as the reliability of climate data and computer models. Most say they do not believe key climate processes such as cloud formation and precipitation are sufficiently understood to predict future climate changes.

Surveys of meteorologists repeatedly find a majority oppose the alleged consensus. A survey conducted by the American Meteorological Society of its members in 2012, for example, found only 39.5 percent of those responding said they believe man-made global warming is dangerous.

Of the various petitions circulated for signatures by scientists on the global warming issue, the one that has garnered by far the most signatures – more than 31,000 names – says “there is no convincing scientific evidence that human release of carbon dioxide, methane, or other greenhouse gases is causing or will, in the foreseeable future, cause catastrophic heating of the Earth’s atmosphere and disruption of the Earth’s climate.”

Who Do You Believe?

So who should you believe? President Obama and NASA apparently believe a couple of college students and an alarmist blogger. If you’ve made it this far into this essay, I hope you have some doubts about their “research.”

The real moral of the story is this: Don’t trust anyone who says there’s a scientific consensus on global warming. Don’t “believe” in global warming because that’s what you think others believe. Look under the hood and figure it out yourself.

That’s what 97 percent of climate scientists do.

Joseph L. Bast is president of The Heartland Institute.

THE HEARTLAND INSTITUTE

The Heartland Institute is an independent source of research and commentary founded in Chicago, Illinois in 1984. It is not affiliated with any political party, business, or foundation. Its activities are tax-exempt under Section 501(c)(3) of the Internal Revenue Code.

Heartland’s mission is to discover, develop, and promote free-market solutions to social and economic problems. Such solutions include parental choice in education, market-based approaches to environmental protection and health care finance, tax and spending limitation, and deregulation in areas where property rights and markets do a better job than government bureaucracies.

For more information, call 312/377-4000 or visit our Web site at www.heartland.org.

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Executive Summary

By the Numbers

During the first quarter of 2014, The Heartland Institute ...

► published issues of *Budget & Tax News*, *Environment & Climate News*, *FIRE Policy News*, and *School Reform News*.

► released *Climate Change Reconsidered II: Biological Impacts*.

► released 32 *Research & Commentaries*, one *Policy Tip Sheet*, and two *Policy Briefs*.

► contacted elected officials 202,381 times, including 5,607 one-on-one contacts by phone, email, or in person.

► generated at least 122 broadcast and print media hits reaching more than 15.3 million subscribers and 598 online hits.

► added 56 interviews to podcasts, attracting 257,121 listeners.

► spoke at 34 events reaching at least 4,658 people.

► attended and distributed literature at meetings of state elected officials, conservative political activists, and Tea Party activists, motorcycle rallies, and gun shows in Iowa, Michigan, Minnesota, and Wisconsin.

Consumers for Health Care Choices

► Seven *Research & Commentaries* and one *Policy Brief* were produced, addressing Medicaid expansion and Medicare reform.

► Heartlanders spoke at three events reaching a total audience of 150 people.

► Eleven issues of *Consumer Power Report*, a weekly e-newsletter, were distributed to an email list of roughly 4,000 subscribers.

► The government relations team logged 721 personal and 39,448 group contacts for a total of 40,169 contacts with legislators on health care issues.

► Eleven interviews were added to the *Health Care News* podcast series, attracting 38,933 listeners.

Center on Climate and Environment Policy

► We published *Climate Change Reconsidered II: Biological Impacts* and *Climate Change, Energy Policy, and National Power*.

► We also published three issues of *Environment & Climate News*, nine issues of *Climate Change Weekly*, 13 issues of *NIPCC Update*, eight *Research & Commentaries*, one *Policy Brief*, and one *Tip Sheet* on energy and environment issues.

► The government relations team logged 1,545 personal and 42,345 group contacts for a total of 43,890 contacts with legislators on energy and environment issues.

► Heartland experts testified in Kansas, Ohio, and Washington on energy and environment-related issues.

► Heartland spokespersons addressed 22 events, reaching an estimated audience of 3,523 people.

► We generated at least 49 broadcast and print media hits reaching nearly 7.9 million subscribers and 384 online hits.

► Eight interviews were added to the *Environment & Climate News* podcast series, attracting 36,010 listeners.

Center for Transforming Education

► We published three issues of *School Reform News* and three *Research & Commentaries*.

► We released 12 issues of *School Choice Weekly*, our weekly education e-newsletter.

► Heartland spokespersons addressed seven events, reaching a total audience of 885 people.

► The government relations team logged 733 personal and 41,030 group contacts for a total of 41,763 contacts with legislators on education issues.

► We generated at least eight broadcast and 16 print media hits reaching 2.9 million subscribers and 85 online hits.

► Fourteen interviews were added to the *School Reform News* podcast series, attracting 25,394 listeners.

Center on Budgets and Taxes

► We published three issues of *Budget & Tax News* and 11 *Research & Commentaries*.

► The government relations team logged 833 personal and 60,539 group contacts for a total of 61,372 contacts with legislators on budget and tax issues.

► We generated at least 18 broadcast and print media hits reaching nearly 725,000 subscribers and 85 online hits.

► Twelve interviews were added to the *Budget & Tax News* podcast series, attracting 39,259 listeners.

► Research Fellow Gregory Conley spoke twice at Vapefest in Herndon, Virginia, reaching a total audience of 100 people.

Center on the Digital Economy

► Heartland's blog, *Somewhat Reasonable*, featured 29 entries about telecommunications and technology policy from seven authors.

► The Tech section of the *Heartlander* digital magazine published eight stories.

► Two *Research & Commentaries* were produced on telecom and technology issues.

► Two media releases addressing the D.C. Circuit Court ruling on net neutrality and the Comcast purchase of Time Warner Cable were sent to 62,786 reporters, editors, and producers across the country.

► The government relations team logged 244 personal and 13,412 group contacts for a total of 13,656 contacts with legislators on digital economy issues.

Center on Finance, Insurance, and Real Estate

► We published a digital edition of *FIRE Policy News* in February along with three *Research & Commentaries*.

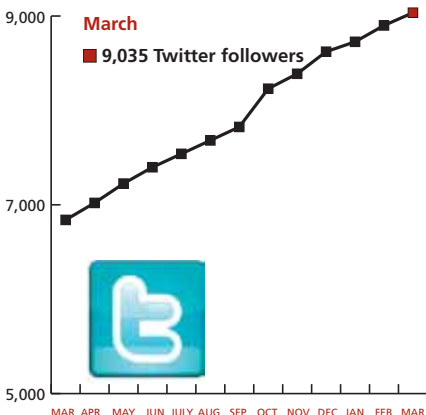
► The government relations team logged 246 personal contacts with legislators on FIRE policy issues.

► We generated at least two broadcast and print media hits reaching 5,500 subscribers and five online hits.

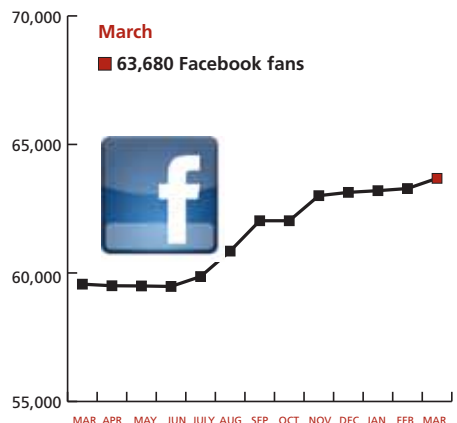
► Five interviews were added to the *FIRE Policy News* podcast series, attracting 37,948 listeners.

Heartland Vital Signs

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Consumers for Health Care Choices

After Obamacare, What's Next?



By Benjamin Domenech
Senior Fellow
Managing Editor
Consumer Power Report

As President Barack Obama and his administration attempt to recover from Obamacare's train wreck of a launch, and U.S. Health and Human Services Secretary Kathleen Sebelius heads for the exits, a new policy conversation is emerging in Washington and around the country, focused on what health policy reforms the next administration will attempt.

Having played a major role in blocking implementation of Obamacare at the state level, Heartland policy experts are now playing a key role in designing proposed post-Obamacare health care policies, meeting with elected officials and their staffs and making the case for expanded consumer power and pro-market reforms at the state and federal level.

In February and March, Heartland Senior Fellow Benjamin Domenech met with staff for House Budget Chairman Paul Ryan, Kentucky Sen. Rand Paul, Wisconsin Gov. Scott Walker, Florida Sen. Marco Rubio, Oklahoma Sen. Tom Coburn, Utah Sen. Mike Lee, Georgia Reps. Paul Broun and Tom Price, and Tennessee Rep. Phil Roe. Domenech also spoke at The Heritage Foundation's annual Conservative Members' Retreat in a closed-door session to 45 members of Congress.

Domenech organized and co-hosted an extensive session bringing together policy experts from prominent national think tanks and media organizations with Louisiana Gov.



Bobby Jindal
Governor, Louisiana

Bobby Jindal, the first potential 2016 presidential candidate to introduce his own comprehensive plan. Ryan and Rubio are expected to introduce their own plans soon.

Along with Domenech,

Heartland Senior Fellow Peter Ferrara and Policy Advisors Avik Roy and Greg Scandlen made their cases for and against proposed replacement plans in writings at *Forbes*, *Human Events*, and *The Federalist*, as well as in Heartland podcasts and radio and television appearances. In March, Ferrara presented his case for broad-based health care reform to the Public Finance Working Group – an organization of high-level policy experts from a number of state and national think tanks – at the Cato Institute.



Peter Ferrara
Senior Fellow



Avik Roy
Policy Advisor



Greg Scandlen
Policy Advisor

Successful Defense of Medicare Part D

In March, the Obama administration announced it was giving up on its attempt to impose sweeping changes that would affect all Part D stakeholders. Heartland had been an active voice warning of the planned assault on Medicare Part D for months, launching a SaveMedicarePartD website and highlighting the issue in numerous articles, columns, podcasts, and *Research & Commentary* briefs. Our statements were quoted in the press as we highlighted the benefits to seniors of a system that allows them more choice and variety, at lower costs than



Performance Highlights

- ▶ Seven *Research & Commentaries* and one *Policy Brief* were produced on health care, addressing Medicaid expansion (7) and Medicare reform.
- ▶ Heartlanders spoke at three events reaching a total audience of 150 people.
- ▶ Eleven issues of *Consumer Power Report*, a weekly e-newsletter written by Senior Fellow Benjamin Domenech, were distributed to an email list of roughly 4,000 subscribers.
- ▶ The government relations team logged 721 personal and 39,448 group contacts for a total of 40,169 contacts with legislators on health care issues.
- ▶ Eleven interviews were added to the *Health Care News* podcast series, attracting 38,933 listeners.

other government-driven programs.

But the battle is not over. Implementation of the Patient Protection and Affordable Care Act (aka Obamacare) is expected to boost Medicare's total deficits to \$547.4 billion by 2022, in that one year alone, just for this single program. Obama and other Democrats want to address the coming Medicare crisis by shifting to a more government-driven program and ending the market-driven portions of the entitlement program, just as they attempted to do in the Part D debate. That would be bad for seniors, health care providers, taxpayers, and future generations.

Heartland in the first quarter of the year laid the groundwork for pushing back against these attempts when the time comes. We still need to stand up for Medicare Part D!

Battling Medicaid Expansion

No think tank has done more than Heartland to oppose the state expansion of Medicaid, a key part of Obamacare. Heartland staff

members sent materials to lawmakers and have been in regular contact with legislators in Arkansas, New Hampshire, Pennsylvania, Utah, Virginia, Wyoming, and other states where the battle is taking place.

On January 17, we sent Wyoming legislators a new *Research & Commentary* examining state Medicaid expansion and new proposals being considered there. Heartland staff noted each plan would use federal dollars to extend assistance to more people, creating new costs the federal government will likely not be able to cover in the future, leaving state taxpayers on the hook for the liabilities. We also spoke with several lawmakers about the negative effects of an Arkansas-style Medicaid expansion and alternatives. On February 24 the Wyoming Senate rejected its Medicaid expansion bill.

Also in January we sent legislators in Utah and Pennsylvania new *Research & Commentary* reports examining proposals being considered in those state. In March, an article by Senior Policy Analyst Matthew Glans published in the *Pittsburgh Tribune-Review*, titled "Pitfalls of Medicaid Expansion," warned "Medicaid expansion is an expensive endeavor that studies show does not provide better or more-affordable health care."

Multiple editions of the *Consumer Power Report* e-newsletter also highlighted research and resources for opponents of expansion, including polling data that describe the messages that resonate with people.

Time is running out for expansion proponents. Although state officials can currently claim the expansions cost state taxpayers "nothing" or that they amount to "free money," in 2016 the federal promise to fund 100 percent for those eligible under the expansion expires, and states will have to pay millions of dollars to receive the federal match. Pro-expansion forces recognize they have less than a two-year window in which to make this false claim.



Matthew Glans
Senior Policy Analyst

A Record Cold Winter



By James M. Taylor
Senior Fellow
Managing Editor
Environment & Climate News

The winter of 2013–14 was one of the coldest on record for much of North America. Global warming activists alternately attempted to ignore the record cold and play up its negative consequences while perversely blaming it on global warming. Heartland generated extensive media coverage documenting how cold the winter was and how it defied global warming alarmists' prior predictions and computer models.

Heartland Senior Fellow James M. Taylor wrote a *Forbes.com* column on January 8 titled "Embarrassed Global Warming Alarmists Sink to Comedic Lows With 'Polar Vortex' Excuse." Whereas alarmists were attempting to blame the frigid winter on global warming, they previously had predicted global warming would cause winters to be anemic and weak, Taylor observed.

On January 31, *USA Today* (circ. 1,428,652) published an oped by Taylor titled, "Arctic Outbreaks Defy Predictions." *Environment & Climate News* contained several articles documenting the record cold winter.

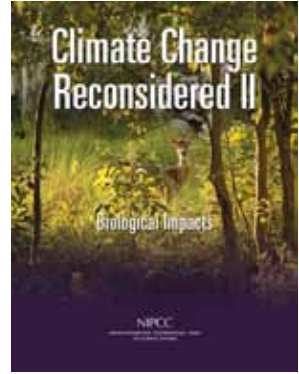
Dueling Reports: NIPCC vs. IPCC

The Heartland Institute turned the tables on the latest report from the United Nations' Intergovernmental Panel on Climate Change (IPCC), garnering widespread media coverage demonstrating the shortcomings, walk-backs, and contradictions in the IPCC report.

On March 31, while the IPCC was releasing the Working Group II contribution to its Fifth Assessment Report, Heartland released *Climate Change Reconsidered II: Biological Impacts*. The 1,062-page report, the fifth in a series published by Heartland for the Nongovernmental International Panel on Cli-

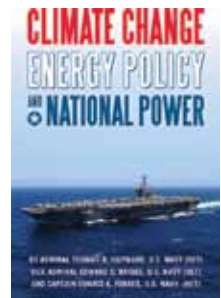
mate Change (NIPCC), found rising temperatures and atmospheric carbon dioxide levels are causing "no net harm to the global environment or to human health and often finds the opposite: net benefits to plants, including important food crops, and to animals and human health."

Global media coverage of the IPCC report frequently included summaries of the NIPCC report and quotes from Heartland Institute experts. On March 31, *The Wall Street Journal*, *Investor's Business Daily*, *The Hill*, and *Daily Caller* were among the influential media outlets summarizing *Biological Impacts* in their coverage of the IPCC report.



Former Navy Officers Rebuke 'Green' Military Policy

The Obama administration is pursuing renewable energy policies that weaken our economy and national security, naval veterans Admiral Thomas B. Hayward, Vice Admiral Edward S. Briggs, and Captain Donald K. Forbes wrote in a March 2014 report published by Heartland.



The report, *Climate Change, Energy Policy, and National Power*, documents how the Obama administration's fixation on reducing carbon dioxide emissions weakens the nation's economy and national defense by prioritizing expensive renewable energy sources that siphon vital economic resources from both. A copy of the

full report accompanied the April issue of *Environment & Climate News* sent to every national and state elected official in the U.S. and thousands of civic and business leaders.

Renewable Power Mandates

Renewable power mandates require electric utilities to obtain a minimum percentage of their power from renewable energy sources such as wind and solar. Such mandates are expensive, unnecessary, and threaten to undermine the reliability of the nation's electric power grid.

The Heartland Institute is the go-to source for state legislators in their efforts to roll back the mandates. James M. Taylor, along with Government Relations Director John Nothdurft and Policy Analyst Taylor Smith, gathered and presented the most up-to-date economic and environmental data on the negative consequences of renewable power mandates in Colorado, Kansas, North Carolina, and Ohio.

Heartland published several articles, fact sheets, and *Research & Commentaries* on renewable power mandates in the quarter, and the February issue of *Environment & Climate News* included four articles documenting how renewable power mandates are causing rapidly increasing electricity prices.

Emerging Energy Issues Forum

On February 13, Heartland hosted an Emerging Energy Issues Forum in Topeka, Kansas. Seventy-five people—roughly equal numbers of lawmakers, business leaders/lobbyists, and grassroots activists—attended, including the Speaker of the House, Senate President, Chair of the House Committee on Energy and Environment,

Performance Highlights

- ▶ We published *Climate Change Reconsidered II: Biological Impacts and Climate Change, Energy Policy, and National Power*.
- ▶ We also published February, March, and April editions of *Environment & Climate News*, along with eight *Research & Commentaries*, one *Policy Brief*, and one *Tip Sheet* on energy and environment issues.
- ▶ The government relations team logged 1,545 personal and 42,345 group contacts for a total of 43,890 contacts with legislators on energy and environment issues.
- ▶ Heartland experts testified in Kansas, Ohio, and Washington on energy and environment-related issues including climate change and renewable portfolio standards.
- ▶ Heartland spokespersons spoke at 22 events, reaching an estimated audience of 3,523 people.
- ▶ We generated at least 49 broadcast and print media hits reaching nearly 7.9 million subscribers and 384 online hits.
- ▶ Eight interviews were added to the podcast series, attracting 36,010 listeners.



John Nothdurft
Government
Relations Director



Taylor Smith
Policy Analyst

and Vice Chair of the Senate Committee on Utilities.

Americans for Prosperity Kansas and the Kansas Chamber of Commerce helped Heartland organize and promote the event. The event consisted of two panel discussions on energy issues: “Picking Winners and Losers” focused on government mandates and “The Future of Energy Policy” focused on hydraulic fracturing, ethanol, and natural gas. Video from the event was recorded and is posted on Heartland’s website.

Center for Transforming Education

States Expand School Choice



By Joy Pullmann
Research Fellow
Managing Editor
School Reform News

The expansion of school choice across the nation is perhaps the biggest public policy victory of free-market supporters in the current decade.

Arizona's highest court affirmed the constitutionality of the state's education savings accounts, a program that deposits state education funds into accounts parents control and can use for many education expenses, not just tuition at one school. The Heartland Institute first proposed education savings accounts in the 1980s.

Arizona lawmakers are considering bills to expand the program to most Arizona students, and lawmakers in Iowa, Mississippi, Missouri, and Oklahoma also considered education savings accounts. On March 4, we sent a *Research & Commentary* describing ESAs to 1,158 contacts, including local and state officials in Mississippi, Missouri, and Oklahoma as well as federal education contacts.

On February 15, the *Milwaukee Journal Sentinel* (circ. 192,751) published a letter to the editor by Research Fellow Joy Pullmann pushing back against lawmakers' demands in Wisconsin for more regulations on voucher schools. She urged lawmakers to reduce, rather than increase, school choice regulations. Breitbart.com interviewed her on the subject in February.

Bills to expand school choice programs in Florida and create Tennessee's first voucher program were moving this spring. Parent Trigger legislation – which would allow a majority of parents to compel local schools to reform just by signing a petition – was introduced in Oklahoma, South Carolina, and Tennessee. Heartland supported their efforts with several *Research & Commentaries*.

Online Learning

On January 30, we hosted a National School

Choice Week event in our library featuring Heartland President Joseph Bast, Illinois state Rep. Tom Morrison, and others. Approximately 30 people attended and participated in the discussion focusing on school choice and the promise of online or distance learning to transform K-12 education. The January 23 issue of *The Leaflet*, our weekly e-newsletter for elected officials, promoted National School Choice Week.



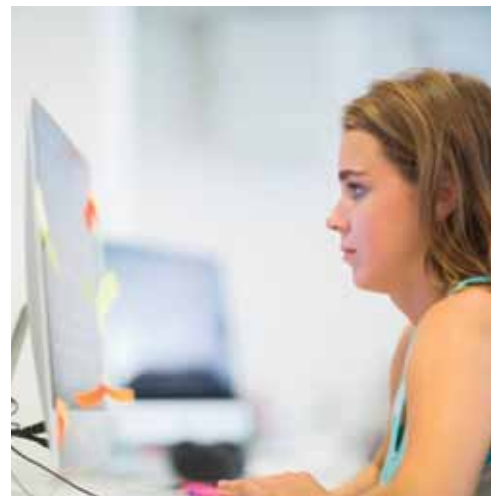
Joseph L. Bast
President



Tom Morrison
Representative - IL

On February 20 the *Washington Examiner* published an op-ed by Pullmann titled "Online Learning: An Olympic-style Opportunity for All Kids." She wrote, "The Olympics remind us to cherish excellence, diversity, and opportunity. One way to offer that to more kids is to clear the way for online learning."

On January 27, we sent a *Research & Commentary* on education data and privacy to 1,599 contacts, including education allies and state and local elected officials in Georgia, Indiana, New York, Utah, Washington, and Wisconsin. In the commentary, Pullmann ar-



gues individuals should be allowed to decide who can access their personal information and for what purposes.

On January 9, *Values and Capitalism* published an op-ed by Pullmann, “Is Data Exploitation Proof that Markets Don’t Work?” She supported giving people the freedom to trade their data for things they want, but cautioned, “There are, however, many situations where data-gathering programs don’t provide a trade for the information they glean. Typically, they don’t have to, because they have a captive audience.”

Common Core

Heartland has been on the forefront in pushing back against Common Core State Standards (CCSS), the Obama administration’s attempt to subvert local control over schools by imposing a national curriculum.

On March 12, Bast and Herbert Walberg, chairman of Heartland’s board of directors, were among the authors of an article published in National Review Online opposing CCSS titled “Choosing to Learn.” On March 31, Walberg appeared in *The New York Times* (circ. 1,897,890) with an op-ed titled “Parents and Students Need Test Results.”



Herbert Walberg
Chairman

On March 13, Pullmann testified before the Kentucky Senate Education Committee regarding a bill to repeal and replace national education mandates and enact student data protections. Pullmann told the committee, “Common Core subverts representative government; is rife with glaring omissions of essential content; will most likely impose glitchy, substandard tests on kids and teachers and high costs on taxpayers; and is actually not supported by research.”

On March 12, *Human Events* reprinted an article Pullmann originally published in *School Reform News* about Indiana’s attempt to drop Common Core. Later that month, Indiana Gov. Mike Pence signed a law requiring the state to drop Common Core. Oklahoma

Performance Highlights

- ▶ We published three issues of *School Reform News* and three *Research & Commentaries* addressing the Parent Trigger in Oklahoma, education savings accounts for special-needs children, and Tennessee vouchers.
- ▶ We released 12 issues of *School Choice Weekly*, our weekly education e-newsletter.
- ▶ Pullmann spoke at four events, reaching a total audience of approximately 650 people. Bast spoke at two events, reaching an audience of approximately 130 people, and Senior Fellow Bruno Behrend spoke at one event, reaching an audience of approximately 120 people.
- ▶ The government relations team logged 733 personal and 41,030 group contacts for a total of 41,763 contacts with legislators on education issues.
- ▶ We generated at least eight broadcast and 16 print media hits reaching 2.9 million subscribers and 85 online hits.
- ▶ Fourteen interviews were added to the podcast series, attracting 25,394 listeners.

could become the second state to do so. The state Senate Education Committee unanimously approved its version of House Bill 3399, which sailed through the House on a 78–12 vote two weeks earlier.

Wyoming also is considering a proposal to repeal Common Core standards. Allies in the state told Pullmann her several speaking engagements there last year sparked the current momentum against Common Core. Throughout this spring, lawmakers from Alaska, Arkansas, Iowa, Kansas, Missouri, Oklahoma, South Dakota, Wyoming, and elsewhere consulted Pullmann on various proposals to stop Common Core and its related national science standards.

Center on Budgets and Taxes

Defending Smokers . . . and Quitters



By Steve Stanek
Research Fellow
Managing Editor
Budget & Tax News

The Heartland Institute started the year with a flurry of activity defending tobacco users and users of e-cigarettes, a product that is helping many thousands of people wean themselves off tobacco use.

During the first week of January, Communications Director Jim Lakely appeared on the Fox News Channel to talk about the rights of smokers on the 50th anniversary of the U.S. Surgeon General's first report on smoking.

One week later, Government Relations Director John Nothdurft appeared on Chicago Tonight, a public affairs program on Chicago's biggest public television station, to discuss e-cigarettes – battery-operated devices that resemble cigarettes and allow smokers to breathe water vapor instead of tobacco smoke. Many smokers are turning to the devices to cut down on cigarette consumption or quit entirely.

Also in January the *New Pittsburgh Courier* (circ. 20,000) quoted Senior Fellow Brad Rodu in an article titled “Healthy cigarettes? E-cigarettes poised to reduce tobacco harm.” The article reported, “Brad Rodu, a Senior Fellow of the Heartland Institute, holds the Endowed Chair in Tobacco Harm Reduction Research at the University of Louisville’s James Graham Brown Cancer Center, and works to find safe substitutions to tobacco products that reduce what he terms ‘tobacco harm.’”

Heartland policy advisors also appeared



Jim Lakely
Communications
Director



Brad Rodu, DDS
Senior Fellow

in the *Northwest Herald* (Crystal Lake, Illinois; circ. 28,997), *Des Moines Register* (Iowa; circ. 89,685), *Star-Ledger* (Newark, New Jersey; circ. 316,280), *Philadelphia Inquirer* (circ. 306,831), and *U.S. News & World Report* (online). Research Fellow Benjamin Domenech appeared in February on The Hannity Show on the Fox News Channel to discuss the growing popularity of e-cigarettes and governments’ attempts to regulate and tax them.

Throughout February, Research Fellow Gregory Conley discussed the development of policy concerning e-cigarettes with tobacco harm reduction advocates and businesses in Connecticut, Hawaii, Kentucky, Minnesota, Missouri, Nebraska, Tennessee, Oklahoma, Oregon, Rhode Island, and Utah.



Gregory Conley
Research Fellow

Advocating Lower Taxes

Governors and legislative leaders in several states started the year advocating for tax and spending relief, and Heartland provided vital information for their efforts.

On February 13 we sent Illinois legislators a *Research & Commentary* opposing a proposal to change the state’s flat-rate income tax to a “progressive” system, under which tax rates increase as the taxable income amount increases. On February 21, we sent all Illinois legislators a *Research & Commentary* calling Illinois Speaker Michael Madigan’s proposal to cut Illinois’ corporate income tax a good start. On March 26, Research Fellow Steve Stanek appeared on the Cliff Kelley Show on WVON-AM in Chicago to discuss Illinois Gov. Pat Quinn’s proposal to make the 2011 income tax hike permanent.



"Even the Obama White House has unpaid interns, despite the president's call for a raise in the minimum wage"

On March 19, we sent every member of the Tennessee state legislature a *Research & Commentary* supporting reform or repeal of the "Hall Income Tax," named after a state senator in the 1920s who won approval of a tax on investment income. Tennessee is often identified as one of the nine U.S. states without an income tax, and although it is true the Hall Tax does not tax income derived from wages, it does levy a tax on income from investments.

Opposing a Minimum Wage Hike

In his State of the Union address in January, President Barack Obama called for raising the federal minimum wage to at least \$10.10 per hour. Lawmakers in at least 30 states are pushing to raise their state's minimum wage.

Before the month ended Heartland responded in *The Leaflet*, our weekly e-newsletter for elected officials, critiquing Obama's proposal. The email went to 12,116 contacts, including all state and local elected officials as well as allies on budget and tax issues.

Also in January, Stanek appeared on Illinois Watchdog Radio and in the *Prairie Advocate* (Lanark, Illinois; circ. 16,336) pointing out that 97 percent of workers already receive pay higher than the minimum wage and many people are happy to take unpaid internships for the work experience and connections they'll make. Even the Obama White House has unpaid interns, despite the president's call for a raise in the minimum wage.

During February, Heartland sent *Research & Commentaries* by Senior Policy Analyst Matthew Glans on the minimum wage to

legislators in Iowa, Kentucky, and Maryland, three states where there has been much agitation for a higher minimum wage. Glans explained why increasing the legal minimum wage is not an effective method of addressing poverty. It harms workers by creating barriers to entry for less-skilled and less-educated people, Glans noted.

Performance Highlights

- ▶ We published February, March, and April editions of *Budget & Tax News*, along with 11 *Research & Commentaries* addressing state income tax reform (3), minimum wage increases (3), e-cigarette taxes (2), estate taxes, stadium subsidies, and pension reform.
- ▶ The government relations team logged 833 personal and 60,539 group contacts for a total of 61,372 contacts with legislators on budget and tax issues.
- ▶ We generated at least 18 broadcast and print media hits reaching nearly 725,000 subscribers and 85 online hits.
- ▶ Twelve interviews were added to the podcast series, attracting 39,259 listeners.
- ▶ Research Fellow Gregory Conley spoke twice at Vapefest in Herndon, Virginia, reaching a total audience of 100 people.

Center on the Digital Economy

Fighting Net Neutrality



By Jim Lakely
Director of Communications

Government regulators and activist groups pushing for an “open” Internet never cease in their efforts to destroy the free-market dynamism that built the modern digital economy. Heartland is working to counter those efforts.

On January 7, Heartland published a blog post by Policy Advisor Scott Cleland titled “Nattering Net Neutrality Nonsense Over AT&T’s Sponsored Data Offering.” Cleland wrote, “Net neutrality activists’ criticism of AT&T’s new freebie for consumers called Sponsored Data is nonsensical. AT&T’s pricing innovation creates a new freebie for consumers and a new freedom for web providers of Internet content, apps and devices that is fully in keeping with any reasonable notion of a free and open Internet.”

On January 14 Heartland issued a media advisory headlined “Heartland Institute Experts React to Net Neutrality Ruling by DC Circuit Court,” featuring comments from Communications Director Jim Lakely, Senior Policy Analyst Matthew Glans, and others. Lakely said, “It is fortunate the Circuit Court did not endorse the FCC’s imposition of net neutrality rules under its ‘general authority.’ That is an improper FCC power grab not delegated to it by Congress via the Communications Act. However, the ruling all but urges the FCC to reclassify broadband under ‘Title II’ as a telecommunications common carrier. ... Supporters of a vibrant and innovative digital economy dodged a bullet today, but one gets the feeling it won’t be for long.”

On January 18 we published a podcast titled “*Verizon v. FCC* and the Future of Net Neutrality.” Lakely and Ryan Radia of the Competitive Enterprise Institute discussed the ramifications of the decision. It marked the second time in three years the D.C. Circuit

Court has declared illegal the FCC’s attempts to impose binding net neutrality regulations.


On February 8, Heartland published on its blog a post by Senior Fellow Ross Kaminsky titled “Net Neutrality Neutered.” Kaminsky wrote, “In a victory for the future of the Internet and for property rights, last month the Circuit Court of Appeals for the District of Columbia overturned – we should all hope permanently – the heart of the Federal Communications Commission’s so-called ‘Net Neutrality’ rules. Net Neutral-



Ross Kaminsky
Senior Fellow

Performance Highlights

- ▶ Heartland’s blog, *Somewhat Reasonable*, featured 29 entries about telecommunications and technology policy from seven authors.
- ▶ The Tech section of the *Heartlander* digital magazine published eight stories.
- ▶ Two *Research & Commentaries* were produced on telecom and technology issues, addressing wireless taxes.
- ▶ Two media releases addressing the D.C. Circuit Court ruling on net neutrality and the Comcast purchase of Time Warner Cable were sent to 62,786 reporters, editors, and producers across the country.
- ▶ The government relations team logged 244 personal and 13,412 group contacts for a total of 13,656 contacts with legislators on digital economy issues.
- ▶ One new episode of the *InfoTech & Telecom News* podcast, now part of the Heartland Daily Podcast, was produced, attracting 23,704 listeners.



"The freer the market, the better consumers are served. That is especially true for the digital economy."

ity, as with so many leftist proposals, is Orwellian in name: it represents little more than the theft of property rights of companies that have invested billions of dollars in Internet infrastructure."

Expanding Broadband Competition

Government bureaucrats and progressive activists insist Americans don't have the high-quality Internet speed and service they demand, so the FCC must control the digital economy. Heartland has always stressed that the freer the market, the better consumers are served. That is especially true for the digital economy, where regulators are constantly scheming new ways to create regulatory fiefdoms that thwart advancements that best serve consumers.

On February 13 Heartland published a blog post by Policy Advisor Bartlett Cleland titled "A Broadband System Upgrade." Cleland wrote of the Comcast purchase of Time Warner, "Regulators and legislators should tread carefully to not disrupt the ever accelerating innovation marketplace. Others may try to invent storylines about this business proposal but the facts make clear that consumers and innovation will win again."

On March 17, Heartland published a post by Policy Advisor Seton Motley titled "Governments Mandate Monopolies Then Complain About a Lack of Competition." He wrote, "The solution to government isn't more government. But that's exactly what governments proffer all

the time. They pass a government-expanding law which warps, distorts and otherwise damages the private marketplace. They don't offer to repeal the law – of course not. They instead pass another government-expanding law to 'fix' the mess they made with the last one. Lather, rinse, repeat."

Defending Internet Freedom of Speech

In the early weeks of 2014, the FCC made noises about studying news-delivery sites – broadcast, print, and online – and assessing their content for "critical information needs." The FCC was attempting to reinstitute the "Fairness Doctrine" by the back door because outlets were supposedly ignoring "underserved populations," so the FCC must monitor "bias" in the media.

Heartland opposes all efforts by the government to regulate media content, especially the absurd notion that a liberally biased media is not liberal enough. On March 12, we published a post by Randolph May titled "FCC, Broadband and Fallacy of Government 'Competition.'" He wrote, "Before it was jettisoned, [the critical information needs] project would have had the FCC assessing ways in which broadcasters and newspapers make decisions about what issues of public importance to cover and to what extent. ... Mr. Wheeler's decision to keep 'on the table' the threat of imposing the panoply of traditional public utility-style regulation on private-sector broadband providers is improper."

Argentina: Our Future?



By **Steve Stanek**
Research Fellow
Managing Editor
FIRE Policy News

Very few people living today experienced the Great Depression, and fewer still recall reading about the hyperinflation that destroyed the middle classes of Germany and other countries in the 1920s. This may be why most people don't respond very strongly to warnings that current national fiscal and monetary policies are threatening to cause a major economic and political crisis.

Argentina may be giving us a glimpse of our future. The country has experienced an economic crisis about once a decade, and it is experiencing one right now. *The Wall Street Journal* reported on February 22, "The peso plunged in January, and economists say that a mix of inflation and recession is likely to follow. Already, butchers and store owners are jacking up prices. To hold inflation back, President Cristina Kirchner is restricting access to dollars and threatening shopkeepers with closure, but economists note that such tactics have failed in the past."

The Argentinian government is demonizing retailers and economists, imposing price controls, restricting currency movement, and arresting political opposition leaders. Inflation is about 29 percent and rising. Will the country's fragile democracy survive? Would ours?

Bolstering Pension Reform

A major finance issue is the need for state and local government pension reforms. Many states and local governments have run up enormous public pension obligations that threaten their credit ratings and ability to pay for necessary services. Lower credit ratings mean higher borrowing costs and riskier investments for buyers of public debt.

One of the worst public pension crises is

occurring in Illinois. In 2013, Heartland Government Relations Director John Nothdurft worked with Cook County Treasurer Maria Pappas and Sheila Weinberg, founder and CEO of the Institute for Truth in Accounting, to produce a *Policy Brief* exposing a staggering \$63 billion in municipal debt in Cook County. The authors predicted higher taxes, declining public services, and falling population as people flee the Chicago metropolitan area.



John Nothdurft
Government
Relations Director

In January 2014, a news report in *Crain's Chicago Business* confirmed our forecast: "Next year, Chicago must come up with a state-mandated \$590 million increase in its contribution to police and fire pension funds. A Crain's analysis of the city's tax and budget options shows that payment could lead to the highest commercial property tax rate in the nation and still leave the city needing to make millions of dollars in spending cuts that could decimate many services."

Performance Highlights

- ▶ We published a digital edition of *FIRE Policy News* in February.
- ▶ We published three *Research & Commentaries* addressing pension reform, the Tennessee Hall Tax, and the chip-and-PIN mandate.
- ▶ The government relations team logged 246 personal contacts with legislators on FIRE policy issues.
- ▶ We generated at least two broadcast and print media hits reaching 5,500 subscribers and five online hits.
- ▶ Five interviews were added to the podcast series, attracting 37,948 listeners.

Rolling Back Taxes on Investment

We are working with Tennessee legislators to help with an effort there to end the tax on investment income. Tennessee is one of nine states with no tax on wage income, but because of the so-called “Hall Tax,” income from investments is taxed.

A *Research & Commentary* on Tennessee’s Hall Tax we published in February notes: “Despite claims by proponents of the tax that it is a tax on the ‘rich,’ many of those who are required to pay this tax are on fixed incomes. According to IRS data, 56 percent of Tennessee taxpayers who reported receiving dividends were in households that earned less than \$75,000. Proponents of the tax also claim a reduction would have ‘dire’ budgetary consequences, yet the tax brings in only 0.9 percent of the state’s annual revenues.”

Chip-and-PIN Mandate

Since the recent financial data breaches at Target and other stores, several legislators and consumer groups have called for new regulations requiring banks and retailers to transition from the current magnetic strip, swipe, credit card system to a system that uses an embedded microchip and personal PIN to complete credit transactions.



Matthew Glans
Senior Policy Analyst

In March, we released a *Research & Commentary* by Senior Policy Analyst Matthew Glans on this emerging issue. Chip-and-PIN cards are more secure than magnetic strip cards, but they are more expensive – each card costs a few dollars to produce, whereas magnetic strip cards cost only a few cents. In addition to the cost of the cards, banks and individual retailers would bear the cost of installing new card-reading equipment. Also, the need to enter a PIN at point of sale likely would increase check-out wait times.

To make the cost of implementing the new system more bearable for consumers, retailers, and banks, the industry is performing

the shift gradually. Forcing an accelerated timetable would increase costs and complicate the transition. A government-regulated transition might even suppress innovation—chip-and-PIN transactions may soon be supplanted by a superior technology, so regulations locking in chip-and-PIN would stifle this growth.



FIRE Policy News: RIP

We published a digital issue of *FIRE Policy News* in February. After much consideration and with some regret, we decided to end publication with the February issue. The issues addressed in the paper, while important, were at once too arcane for our main audience of state elected officials and not technical enough for donors and friends in the finance community.

Steve Stanek, managing editor of *FIRE Policy News*, also serves as managing editor of *Budget & Tax News*, and he is covering FIRE topics in that publication. You will also find our work on FIRE-related topics in the FIRE issue suite at <http://heartland.org/issues/finance-insurance-and-real-estate> and at *The Heartlander* digital magazine, <http://news.heartland.org/insurance-and-finance>.

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